



## The new Electricity Special Tariff: Key Consumer Considerations and Implications

- **This article concerns:** Energy consumers and energy providers.
- **The benefits of the new Tariffs:** Promotion of Renewable Energy Sources while providing consumers with clear information and transparency on electricity costs.
- **Entry into force:** 1<sup>st</sup> January 2024.
- **Consumers' Objection for the Special Tariff transition expires:** 31<sup>st</sup> January 2024.

### I. INTRODUCTION

The enactment of specific electricity tariffs in Greece and particularly, the introduction of a special tariff, as per the **Ministerial Decision no. Α.Π.: ΥΠΕΝ/ΔΗΕ/1205637/2107/21.11.2023 (GG B' 6600/21-11-2023)**<sup>1</sup> pursuant to para.2 of Art. 138A Law 4951/2022, marks a significant shift towards sustainable energy practices, set to be effective from January 1, 2024. This initiative

<sup>1</sup> Ministerial Decision signed by the Minister of Environment and Energy, Mr. Thodoros Skylakakis, and Deputy Minister Ms. Alexandra Sdoukou, available at [<https://www.taxheaven.gr/circulars/45295/ypen-dhe-120637-2107-2023>].



represents a pivotal move in aligning Greece's energy policy with contemporary environmental sustainability goals.

## II. THE NEW FOUR SUPPLY TARIFFS

According to para. 1 of Article 4 of the M.D., the supply providers shall proceed with color-based “**transparency labelling**”, providing for specific categories, as follows:

- The Fixed Tariff, with blue labelling and fixed supply price (€/kWh) for the entire contract period.
- The Special Tariff, with green labelling, in which the supplier will announce the price charged by the first day of the month of application, i.e. consumers will know every 1st of the month the price they will pay.
- The Variable Tariff, marked in yellow, will include tariffs with variable supply charges (€/kWh), where the price changes according to fluctuations in the wholesale electricity market.
- The Dynamic Tariff, marked in orange, will include tariffs whose price changes based on intraday wholesale electricity market prices. A prerequisite for offering these tariffs is the existence of a smart meter.

## III. OBJECTIVE AND KEY PROVISIONS OF THE SPECIAL TARIFF

The Special Tariff's primary aim is to establish a stable and transparent pricing mechanism, as outlined in **Article 1 of the Ministerial Decision**. In particular, it seeks to promote the use of renewable energy sources while providing consumers with clear information on electricity costs, as detailed in **Article 5**. This initiative is a key component of Greece's broader strategy to enhance environmental sustainability and key provisions are analyzed shortly.

- **Pricing Announcement** (Article 2, para. 1)

According to the M.D., a Final supply price is published at each month's beginning, which is the sum of the Basic Supply Price and the fluctuation mechanism, which basically provides for an adjustment clause. Although this mandate enhances pricing transparency, yet, it may not sufficiently account for mid-month market fluctuations, posing potential challenges for consumer budgeting and planning.

- **Fixed and Variable Charges** (Article 2, paras. 3 and 4)

The tariff includes a Fixed Supply Price of up to €5 and variable discounts, creating a dual-component pricing structure. This approach offers cost clarity but may also result in unpredictable monthly expenses due to the variability of discounts and potential changes in fixed charges. It is also regulated that both the Fixed Supply Price and the variable discounts might be subject to alterations every month, prior to online announcement. As regards the Basic supply price, this shall be stable for up to 6 months, without mentioning whether this will be changed or not.

- **Consumers' Objections for automatic enrollment** (Article 5, para. 3)

The Consumer's objection regarding the transition to the Special Tariff and therefore the maintenance of the current supply contract, which was suspended due to the application of article 138 of Law 4951/2022, may be carried out until January 31, 2024, following the objection procedure of para. 6 of article 138A of Law 4951/2022.



- **Consumer Flexibility** (Article 5, para. 3 and Article 2, para. 5)

This provision provides for an *automatic enrollment*, coupled with the option to revert, which, thus, introduces flexibility. Yet, it also necessitates active tariff management by consumers, possibly leading to inadvertent acceptance of the special tariff among those less informed.

- **Billing Transparency** (Article 4, para. 3)

According to paragraph 3 of Article 4 governs the integration of QR codes and comparison links on bills, which is a progressive step for consumer empowerment. Nevertheless, the effectiveness of this feature depends on the consumers' engagement level and digital literacy, which might vary significantly.

#### IV. CONSUMER CONSIDERATIONS AND CHALLENGES

It is worth mentioning that the tariff's complex pricing formula might pose a significant barrier to understanding and interpretation for many consumers, highlighting a need for enhanced financial literacy. In addition, the potential for monthly alterations in fixed charges and discounts, while providing flexibility, might also lead to unexpected billing surprises due to delayed communication of these changes.

Further, as per the regulatory oversight provided by the competent authority, it is worth mentioning that the critical role of the Regulatory Authority for Waste, Energy and Water, (RAEEY)<sup>2</sup> in monitoring the tariff's implementation, underscores the necessity for vigilant oversight to ensure fairness and transparency. Nonetheless, in case of violation of the provisions, RAEEY may impose a fine in accordance with the procedure described in Art. 36 Law 4001/2011.

#### V. CONCLUSION AND RECOMMENDATIONS

Consequently, assessing the tariff's potential impacts on various stakeholders, including consumers and energy providers, reveals both short-term and long-term implications. The special electricity tariff is a commendable step towards a more sustainable and transparent energy sector in Greece. However, its effectiveness will largely depend on how well it navigates the complexities of the energy market and addresses the diverse needs of consumers. Regarding consumers, it should be noted that regular monitoring of provider updates, careful review of electricity bills, and active use of comparison tools are essential.

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<sup>2</sup> Regulatory Authority for Waste, Energy and Water, (RAEEY), available at <https://www.raey.gr/>